

Transportation Finance: Peer City Review

Last Updated Wednesday, 12 April 2006

This report summarizes an analysis of innovative transportation finance ideas, programs and initiatives in Boulder's ten peer cities. The work was compiled from interviews with finance and public works officials in each city and supplemented with a review of budget information. The analysis was compiled as a resource to Boulder as it looks to finance programs proposed in the 2003 TMP Update. It is anticipated that interesting ideas that begin to have particular relevance will be evaluated in more detail as the TMP Update proceeds. The analysis focuses on local government contributions to finance transportation, rather than on state or federal programs.

Observations.

1. **Dedicated Local Revenue Source.** A number of peer cities impose a local sales tax dedicated to transportation (Fort Collins, Norman). Two peer cities (Ann Arbor and Tempe) dedicate property taxes to transportation. Ann Arbor's tax is to resurface streets; Tempe's tax is to repay general obligation bonds for transportation improvements. Alameda County (Berkeley) imposes a ½ cent gasoline tax dedicated to transportation improvements. Santa Barbara dedicates a specific portion of its utility users' tax for transportation improvements.
2. **Dedicated Revenues for Transit Service.** Four transit agencies benefit from a dedicated local sales tax (AC Transit (Berkeley); Utah Transit Authority (Provo), Santa Cruz METRO, City of Tempe). The Ann Arbor Transit Authority and AC Transit receive revenues from a local property tax. The states of Arizona (lottery), California (sales) and Wisconsin ("Section 8521") provide dedicated taxes at the State level.
3. **Local Option Gas Tax.** With voter approval, Oregon municipalities may levy a gas tax. With voter approval, California counties may levy a gas tax. In each case, a few local governments have done so.
4. **State Resources.** A number of cities benefit from state revenue that is dedicated to mass transit or alternative modes. For example, in Arizona, State lottery proceeds and multi-state Powerball proceeds are distributed to cities and towns based on population. For cities over 60,000, one-third of the revenues must be used for public transit.
5. **Alternative Modes.** Among peer cities, there seems to be a correlation between interest/enthusiasm/commitment to alternative modes (bicycle, pedestrian, etc.) and weather. Tempe, and the peer cities in California have integrated alternative modes into their city public works functions more comprehensively than peer cities in colder weather environments. (Ann Arbor, Madison, Provo, Norman).
6. **Transit Passes.** Transit agencies in nearly every peer city provide bus passes for university students. (Ann Arbor is an exception.) Ann Arbor and Santa Barbara provide free passes for downtown workers. Berkeley provides free passes for City employees. UC Berkeley has a particularly appealing commuter store (Berkeley TriP) and web site that provides the broadest range of transportation services. Norman provides free bus passes to income-eligible residents, using its Community Development Block Grant funds.
7. **Transportation Utility.** Three peer cities have or are currently considering the creation of a transportation utility and/or the initiation of a transportation maintenance fee. (Eugene, Fort Collins and Madison) Eugene is in the process of considering a gas tax plus a maintenance fee. Fort Collins adopted and rejected a transportation utility and fee in the mid 1980s and is now reconsidering the concept. Madison considered the concept and subsequently abandoned the idea.
8. **Pavement Management.** Two peer cities are in the process of considering a substantial fee program to fund pavement management in a comprehensive manner (Eugene and Fort Collins)
9. **Parking.** Many peer cities have parking services function as an enterprise fund. (Ann Arbor, Berkeley, Eugene, Madison, Santa Barbara, Santa Cruz). Eugene uses "excess parking revenues" to fund its City employee bus pass program.
10. **Corridor Studies.** Three peer cities (Fort Collins, Provo and Santa Barbara) are in the process of completing corridor studies.
11. **Named Programs.** Transportation programs that have been studied comprehensively, bundled neatly and provided with a clear, clever or catchy name seem to garner attention and subsequently funding.

- When the need to fix sidewalks was studied and named the "Missing Links" program, a funding plan was organized and implemented (Santa Barbara).

- When one peer city focused detailed attention on its need to repave streets in a comprehensive and organized way, it got City Council's attention and a multi-year funding program was adopted (Fort Collins).

- A program to increase bicycle security racks has been named the Bicycle Hitching Post program. New retail, office and industrial development must install a calculated number of "hitching posts" per square foot. (Santa Barbara)

- Ann Arbor has named its new bus pass for downtown "go!pass" which is consistent with its downtown initiative, "get!downtown."

- Several California peer cities report that substantial capital funding followed about two years behind the adoption of a comprehensive Bicycle Element to the General Plan.

12. Municipal Organization. Several municipalities have organized a special division to focus on alternative modes (Berkeley, Santa Barbara, Tempe). One municipality (Berkeley) has recently created a new position, Assistant City Manager for Transportation, to work on alternative modes.

13. Economic Realities. Several municipalities (Ann Arbor, Berkeley, Eugene, and Santa Cruz) report serious financial constraints. Although they are full of creative ideas, their budgets show substantial restraint and reductions. Ann Arbor and Berkeley are also undergoing fundamental budget reorganization due to financial realities.

14. "Most" Innovative Finance Tools. While truly subjective, here is a short list of some innovative ideas that other peer cities would like to bring to your attention.

Berkeley TriP. This is a web site and commuter store managed by the University of California at Berkeley and funded jointly by the City and the University. It distributes class passes, manages vanpool and carpool programs, provides bicycle travel information, distributes maps and supports other alternative modes activities and web sites.

Parking Revenues for Bus Passes Santa Barbara recently financed a parking structure with tax increment revenues and is using "excess" parking fee revenues that would otherwise be used to repay bonds for "mitigation." Mitigation is in the form of purchasing bus passes for downtown workers. Eugene has a program where it uses Parking Services Fund revenues to pay for City employee bus passes.

Transportation Maintenance Fee and Utility. Both Fort Collins and Eugene are considering the imposition of a fee and the establishment of a transportation utility to finance road maintenance. In both cases, this initiative would free up General Fund money to finance more capital projects.

Cost-Effective Operations. Ann Arbor determined that the most cost effective solution to its traffic congestion problem was to invest heavily in a fiber-optic system that interconnects traffic signals and enables existing streets to carry more traffic.

Peer City Analysis

Ann Arbor, Michigan
Berkeley, California
Eugene, Oregon
Fort Collins, Colorado
Madison, Wisconsin
Norman, Oklahoma
Provo, Utah
Santa Barbara, California
Santa Cruz, California
Tempe, Arizona